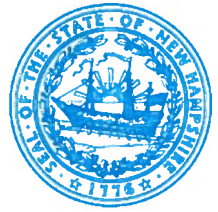




The State of New Hampshire
Department of Environmental Services

Clark B. Freise, Assistant Commissioner



February 1, 2017

The Honorable Richard Barry
Chair, House Science, Technology, and Energy Committee
Legislative Office Building, Room 304
Concord, New Hampshire 03301

Re: House Bill 627 – An Act establishing the position of energy efficiency advocate and relative to expenditures from the Energy Efficiency Fund

Dear Chair Barry and Members of the Committee:

Thank you for the opportunity to testify on House Bill 627. This bill establishes the position of energy efficiency advocate, increases the allocation of rebates to retail electric customers from the energy efficiency fund (EEF), and decreases or eliminates the amount of funds that are utilized for energy efficiency projects and programs. More specifically, HB 627 decreases or eliminates the amount of funds dedicated to low-income residential customers, to municipal, school district and local government efficiency projects, and to a fuel-neutral energy efficiency program. The New Hampshire Department of Environmental Services (NHDES) opposes this bill.

Most Regional Greenhouse Gas Initiative (RGGI) states already invest the majority of their proceeds in energy efficiency (58% of total RGGI cumulative investments)¹. One criticism often heard regarding investments of state proceeds from RGGI allowance auctions into energy efficiency is that such investments are perceived as beneficial only to those individuals, municipalities, and businesses directly receiving EEF funds. To the contrary, any investment in energy efficiency directly benefits *all* New Hampshire citizens and ratepayers by reducing the overall demand for electricity, which in turn reduces the additional capital investment in generation, transmission, and distribution by electricity providers. In particular, the high cost of “peaking” plants to meet demands on the hottest days of the year are reduced or avoided. All of these costs are ultimately passed on to all New Hampshire consumers, so keeping them low is in the best interests of all citizens, businesses, and municipalities. Thus, investments in energy efficiency ultimately reduce costs for everybody. In addition, investment of RGGI proceeds in municipal, school, and local government efficiency projects helps to reduce that community’s operating expenses, thus reducing local property taxes.

¹ “Investment of RGGI Proceeds Through 2014” http://rggi.org/docs/ProceedsReport/RGGI_Proceeds_Report_2014.pdf

The “NH Greenhouse Gas Emissions Reduction Fund Annual Evaluation (July 2011 – June 2012)”² indicated that each dollar invested in energy efficiency resulted in \$4.95 in energy savings. An independent report by the Analysis Group³ found that the investment of RGGI proceeds in the region from the first three years:

- Generated \$1.6 billion in net economic benefit region-wide through the end of the decade;
- Put \$1.1 billion in electricity bill savings back into the pockets of consumers in the region over the next decade;
- Created 16,000 job-years in the region; and
- Kept \$765 million in the local economy due to reduced fossil fuel demand.

A second report⁴ by the Analysis Group found that implementing RGGI from 2012-2014 added \$1.3 billion in economic value to the nine-state RGGI region, led to the creation of more than 14,000 new jobs, and cut electricity and heating bills, saving consumers \$460 million. Each individual state saw economic benefits as the region cut annual carbon emissions by more than a third from 2008 (133 million tons) to 2014 (86 million tons), according to the report. A new independent study⁵ revealed that RGGI improved health, saved lives, and generated \$5.7 billion in benefits from 2009 to 2014.

These four independent reports, as well as the RGGI report cited previously, show that New Hampshire ratepayers would be well-served through increased, rather than decreased, investment of our RGGI proceeds in energy efficiency.

Regarding the establishment of the position of energy efficiency advocate, NHDES believes this to be redundant and unnecessary. Utilities already promote energy efficiency as part of the CORE Energy Efficiency Programs. Flyers are inserted with bills and mailed to customers. Utility websites provide ample information, as well.

² “NH Greenhouse Gas Emissions Reduction Fund Annual Evaluation (July 2011 – June 2012)”

http://puc.nh.gov/Sustainable%20Energy/GHGERF/Evaluations/GHGERF_Year%203_annual_report_2011-12_FINAL.pdf

³ “The Economic Impacts of the Regional Greenhouse Gas Initiative on Ten Northeast and Mid-Atlantic States – Review of the Use of RGGI Auction Proceeds from the First Three-Year Compliance Period” November 15, 2011

http://www.analysisgroup.com/uploadedFiles/Publishing/Articles/Economic_Impact_RGGI_Report.pdf

⁴ “The Economic Impacts of the Regional Greenhouse Gas Initiative on Nine Northeast and Mid-Atlantic States” July 14, 2015
<http://www.analysisgroup.com/news-and-events/news/energy-report--states-that-limit-carbon-emissions-through-markets-see-economic-benefits/>

⁵ “Analysis of the Public Health Impacts of the Regional Greenhouse Gas Initiative” January 11, 2017

[http://www.abtassociates.com/NewsReleases/2017/RGGI-Improves-Health,-Saves-Lives,-and-Generates-\\$.aspx](http://www.abtassociates.com/NewsReleases/2017/RGGI-Improves-Health,-Saves-Lives,-and-Generates-$.aspx)

Thank you again for the opportunity to comment on HB 627. Should you have further questions or need additional information, please feel free to contact either Craig Wright, Director of the Air Resources Division (271-1108, craig.wright@des.nh.gov) or Michael Fitzgerald, Assistant Director of the Air Resources Division (271-6390, michael.fitzgerald@des.nh.gov).

Sincerely,



Clark B. Freise
Assistant Commissioner

cc: Sponsors HB 627: Reps. Vose, Kurk, LeBrun, Aldrich

